

28 JUL 1959

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Health Insurance Bills, S. 2162, H. R. 8210,
et al

1. This memorandum contains a brief summary of developments to date concerning current health insurance legislation.

2. On 16 July 1959, after extensive hearings on the Subject by the Senate Post Office and Civil Service Committee, the Senate, by an overwhelming vote, passed the Johnston - Neuberger health insurance bill (S. 2162). This bill is now under active consideration by the House Committee. Although the ultimate fate of this measure cannot be predicted, it is known that Chairman Tom Murray (D., Tenn.) and the Administration have objections to certain aspects of the bill. Representative Murray and the Administration have both voiced their opposition to the cost of the program proposed. In addition, Administration witnesses (Civil Service Commission and Bureau of the Budget) are expected to object to certain technical aspects of the measure. A Presidential veto of the bill is quite possible.

3. S. 2162 provides the general framework for a Government-wide health insurance program for all civilian employees with the Government subsidizing 50 per cent of the premium cost. The details of the program are to be worked out by the Civil Service Commission by 1 July 1960. The Commission has indicated to us that, under the present provisions of S. 2162, CIA would not be permitted to continue its present health insurance program. In addition, it is now clear that CIA would be unable to remit premiums and settle claims in a secure manner under the bill as it is now written.

4. The Commission has suggested that the bill be amended to provide a separate plan for employees of CIA. Short of a complete exemption, this appears to be the best solution. It would permit

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direct negotiation between the Agency and Civil Service on a separate CIA plan. A proposed amendment has been discussed internally and agreed upon by interested Agency offices.

5. The Civil Service Commission will recommend to the House Committee that S. 2162 be amended to make provision for CIA. Committee staff members have indicated that Chairman Murray would be receptive to such a proposal if an Agency representative will appear before the Committee to request the amendment. A letter to this effect has been received from Chairman Murray. We are proposing a noncommittal response and will get together with the Director of Personnel and the Director of Security before making definite arrangements with the Committee for an appearance.

s/ John S. Warner

JOHN S. WARNER
Legislative Counsel

cc: DD/I
Comptroller
Director of Personnel
Director of Security
Chief, Medical Staff
SSA/DDS

1 Farm Credit Administration, of which corporation any mem-
2 ber of the board of directors is elected or appointed by private
3 interests), or of the municipal government of the District
4 of Columbia, and includes an Official Reporter of Debates of
5 the Senate and a person employed by the Official Reporters
6 of Debates of the Senate in connection with the performance
7 of their official duties, and an employee of Gallaudet College,
8 but does not include (1) a member of a "uniformed service"
9 as such term is defined in section 1072 of title 10 of the
10 United States Code, (2) a noncitizen employee whose per-
11 manent-duty station is located outside a State of the United
12 States or the District of Columbia, or (3) an employee of
13 the Tennessee Valley Authority.

14 (b) The term "annuitant" means (1) an employee who
15 on or after the effective date of the provisions referred to in
16 section 16(b) retires on an immediate annuity, under the
17 Civil Service Retirement Act or other retirement system for
18 civilian employees of the Government, after twelve or more
19 years of service or for disability, (2) an employee who on or
20 after the date of enactment of this Act and prior to such
21 effective date retires on such annuity (i) after twelve or more
22 years of service upon involuntary separation not by removal
23 for cause on charges of misconduct or delinquency or (ii) for
24 disability, (3) a member of a family who receives an im-
25 mediate annuity as the survivor of a retired employee de-

1 scribed in clause (1) or clause (2), or of an employee who
2 dies on or after such date of enactment after completing five
3 or more years of service, (4) an employee who receives
4 monthly compensation under the Federal Employees Compens-
5 sation Act as a result of injury sustained or illness contracted
6 on or after such date of enactment and who is determined by
7 the Secretary of Labor to be unable to return to duty, and
8 (5) a member of a family who receives monthly compensa-
9 tion under the Federal Employees Compensation Act as the
10 surviving beneficiary of (i) an employee who dies after com-
11 pleting five or more years of service as a result of injury sus-
12 tained or illness contracted on or after such date of enact-
13 ment or (ii) a former employee who is separated after com-
14 pleting five or more years of service and who dies while
15 receiving monthly compensation under such Act on account
16 of injury sustained or illness contracted on or after such date
17 of enactment. For the purpose of this subsection, "service"
18 means service which is creditable for the purposes of the
19 Civil Service Retirement Act.

20 (c) The term "member of family" means an employee's
21 or annuitant's spouse, unmarried child under the age of nine-
22 teen years (including (1) an adopted child, and (2) a step-
23 child or recognized natural child who lives with and receives
24 more than one-half his support from the employee or annui-
25 tant in a regular parent-child relationship), or unmarried

1 child regardless of age who is incapable of self-support be-
2 cause of a mental or physical incapacity that existed prior to
3 his reaching the age of nineteen years and who is in fact de-
4 pendent on the employee or annuitant for over one-half his
5 support.

6 (d) The term "dependent husband" means a husband
7 who is incapable of self-support by reason of mental or
8 physical disability, and who receives more than one-half his
9 support from the employee or annuitant.

10 (e) The term "health benefits plan" means an insurance
11 policy or contract, medical or hospital service agreement,
12 membership or subscription contract or similar arrangement
13 provided by a carrier for the purpose of providing, paying
14 for or reimbursing expenses for health services.

15 (f) The term "carrier" means a voluntary association,
16 corporation, or partnership, or other organization (other
17 than an agency or instrumentality of the Federal Govern-
18 ment or of any State or political subdivision thereof) which
19 is lawfully engaged in providing, or paying for or reim-
20 bursing the cost of, health services under insurance policies
21 or contracts, medical or hospital service agreements, mem-
22 bership or subscription contracts, or similar arrangements, in
23 consideration of premiums or other periodic charges payable
24 to the carrier, including a health benefits plan duly sponsored
25 or underwritten by a national employee organization.

1 (g) The term "Commission" means the Civil Service
2 Commission.

3 (h) The term "national employee organization" means
4 a bona fide labor organization, national in scope, which
5 represents only employees of one or more departments or
6 agencies of the Government.

7 ELECTION OF COVERAGE

8 SEC. 3. (a) This Act shall apply to any employee who,
9 at such time, in such manner, and under such conditions of
10 eligibility as the Commission may by regulation prescribe,
11 elects to enroll in a health benefits plan described in section 4
12 either for himself alone or for himself and members of his
13 family. Such regulations may provide for the exclusion of
14 employees on the basis of the nature and type of employ-
15 ment or conditions pertaining thereto, such as short-term
16 appointments, seasonal or intermittent employment, and em-
17 ployment of like nature, but no employee or group of em-
18 ployees shall be excluded solely on the basis of the hazardous
19 nature of employment.

20 (b) (1) This Act shall apply to any annuitant who at
21 the time he becomes an annuitant shall have been enrolled
22 in a health benefits plan under this Act—

23 (A) for a period not less than (i) five years, or
24 (ii) the period beginning on the last day of the first
25 period, as prescribed by regulations of the Commission,

1 in which he is eligible to enroll in such a plan and ending
2 on the date on which he becomes an annuitant, which-
3 ever is shorter, or

4 (B) as a member of the family of an employee or
5 annuitant.

6 (2) This Act shall also apply to any annuitant not en-
7 rolled in a health benefits plan during the period referred to
8 in paragraph (1) if—

9 (A) such annuitant is (i) an annuitant described
10 in section 2 (b) (2), (ii) an annuitant described in sec-
11 tion 2 (b) (4) whose injury was sustained or whose ill-
12 ness was contracted prior to the effective date of the pro-
13 visions referred to in section 16 (b), or (iii) a member
14 of the family of an annuitant referred to in (i) or (ii)
15 or of an employee or former employee described in sec-
16 tion 2 (b) (5) whose injury was sustained or whose ill-
17 ness was contracted prior to such effective date, and

18 (B) such annuitant elects to enroll in a health bene-
19 fits plan under this Act within such period, in such
20 manner, and under such conditions of eligibility as the
21 Commission may by regulation prescribe.

22 (c) If an employee has a spouse who is an employee,
23 either (but not both) may enroll for himself and members
24 of his family, or either spouse may enroll for himself alone,

1 but no person may be enrolled both as an employee (or an-
2 nuitant) and as a member of the family.

3 (d) A change in the coverage of any employee or annui-
4 tant, or of any employee or annuitant and members of his
5 family, enrolled in a health benefits plan under this Act
6 may be made by the employee or annuitant only upon appli-
7 cation filed within sixty days after the occurrence of a change
8 in family status or at such other times and under such con-
9 ditions as may be prescribed by regulations of the Com-
10 mission.

11 (e) A transfer of enrollment from one health benefits
12 plan described in section 4 to another such plan shall be
13 made by an employee or annuitant only at such time or
14 times and under such conditions as may be prescribed by
15 regulations of the Commission.

16 HEALTH BENEFITS PLANS

17 SEC. 4. The Commission may approve the following
18 health benefits plans:

19 (1) SERVICE BENEFIT PLAN.—One Government-wide
20 service benefit plan under which in whole or substantial
21 part the physicians, hospitals, or other providers of covered
22 health services agree, under certain conditions, to accept the
23 payment provided by the plan as full payment for covered
24 services rendered by them.

1 (2) INDEMNITY BENEFIT PLAN.—Ole Government-
2 wide indemnity benefit plan under which the carrier agrees
3 to pay to the employee or annuitant or member of his family,
4 who incurs expenses for health services covered under the
5 conditions of the policy, or to the providers of the health
6 service benefits, certain stipulated sums of money not in ex-
7 cess of the actual expenses incurred.

8 (3) EMPLOYEE ORGANIZATION PLANS.—Employee
9 organization plans which are sponsored, contracted for, and
10 administered in whole or substantial part, by national em-
11 ployee organizations, which are available only to persons
12 who are or have been members of the sponsoring organiza-
13 tion, and which provided benefits for health services to mem-
14 bers of the sponsoring organization on July 1, 1959.

15 (4) GROUP-PRACTICE PREPAYMENT PLANS.—Group-
16 practice prepayment plans which offer health services in
17 whole or in substantial part on a prepaid basis, with pro-
18 fessional services thereunder provided by physicians prac-
19 ticing as a group in a common center or centers. Such a
20 group shall include physicians qualified in at least three
21 major medical specialties and receive all or a substantial
22 part of its income from the prepaid funds.

1 BENEFITS TO BE PROVIDED UNDER PLANS

2 SEC. 5. (a) To the extent possible with the funds avail-
3 able under this Act, the benefits to be provided under plans
4 described in section 4 shall be the following:

5 (1) SERVICE BENEFIT PLAN.—

6 (A) HOSPITAL BENEFITS.—Benefits which the Com-
7 mission finds to be equivalent to the full cost of hospital care
8 in semiprivate accommodations in a general or acute special
9 hospital for one hundred and twenty days in any period of
10 continuous care or for one hundred and twenty days in the
11 aggregate in any periods of such hospitalization separated
12 by ninety days or less, except that such continuous or aggre-
13 gate periods in the case of tuberculosis and nervous and men-
14 tal conditions shall be thirty days.

15 (B) SURGICAL BENEFITS.—Benefits which the Com-
16 mission finds to be equivalent to the reasonable, necessary,
17 and customary charges for surgical services, and for care of
18 abnormal deliveries, made to persons with incomes less than
19 those of the one-quarter of Federal employees earning the
20 highest incomes.

21 (C) IN-HOSPITAL MEDICAL BENEFITS.—Benefits which
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1 the Commission finds to be equivalent to the reasonable,
2 necessary, and customary charges for medical services ren-
3 dered during periods of hospitalization for which benefits are
4 provided under subparagraph (A) to persons with in-
5 comes less than those of the one-quarter of Federal employ-
6 ees earning the highest incomes.

7 (D) AMBULATORY PATIENT BENEFITS.—Benefits for
8 services to hospital outpatients and other ambulatory pa-
9 tients which the Commission finds to be practicable, reason-
10 able, and desirable with respect to diagnostic and treatment
11 services, surgical services, and services in cases of accidental
12 injury.

13 (E) SUPPLEMENTAL BENEFITS.—Benefits equal to (i)
14 80 per centum of so much of the additional charges for health
15 services for each individual for each illness as exceeds \$100
16 but does not exceed \$1,500, plus (ii) the amount of any
17 such additional charges in excess of \$1,500 under such con-
18 ditions and such maximums as may be determined appro-
19 priate by the Commission. For the purpose of this subpara-
20 graph, "additional charges for health services" means the
21 amount by which the charges for health services for which
22 supplemental benefits are provided exceed any cash or service
23 benefits provided under subparagraphs (A), (B), (C), and
24 (D). The supplemental benefits provided for under this

1 subparagraph shall not duplicate or replace the benefits pro-
2 vided for under subparagraphs (A), (B), (C), and (D).

3 (F) OBSTETRICAL BENEFITS FOR NORMAL DE-
4 LIVERIES.—Benefits which shall not exceed \$100 for hospital
5 services and \$100 for professional services for normal de-
6 livery, prenatal and post partum care, and which shall be in
7 lieu of all benefits for such services under subparagraphs
8 (A), (B), (C), (D), and (E).

9 (2) INDEMNITY BENEFIT PLAN.—

10 (A) Hospital Care.

11 (B) Surgical Care and Treatment.

12 (C) Medical Care and Treatment.

13 (D) Obstetrical Benefits.

14 (E) Prescribed Drugs, Medicines and Prosthetic
15 Devices.

16 (F) Other Medical Supplies and Services.

17 The plan may include deductible and coinsurance provi-
18 sions applicable to some or all of the benefits.

19 (3) EMPLOYEE ORGANIZATION PLANS.—Benefits of
20 the type specified in this subsection under paragraph (1)
21 or (2).

22 (4) GROUP-PRACTICE PREPAYMENT PLANS.—Benefits
23 of the type specified in this subsection under paragraph (1)
24 or (2).

1 (b) The description contained in subsection (a) of the
2 scope and value of the benefits to be provided under health
3 benefits plans shall not be construed to preclude the provision
4 of alternative benefits under such plans. The Commission
5 may authorize, in lieu of the benefits described in subsection
6 (a), alternative benefits which it determines to be equally
7 acceptable under this Act and which may include deductible
8 and coinsurance provisions applicable to some or all of the
9 alternative benefits.

10 CONTRACTING AUTHORITY

11 SEC. 6. (a) The Commission is authorized, without re-
12 gard to section 3709 of the Revised Statutes or any other
13 provision of law requiring competitive bidding, to enter into,
14 or authorize enrollment under, a contract or contracts with
15 or to purchase a policy or policies from, qualified carriers
16 offering plans described in section 4 and providing the bene-
17 fits described in section 5. Each such contract or policy
18 shall be for a uniform term of at least one year, but may be
19 made automatically renewable from year to year in the ab-
20 sence of notice of termination by either party.

21 (b) Any contract or policy under this Act shall contain
22 a detailed statement of benefits offered and shall include
23 such maximums, exclusions, and other definitions of benefits
24 as the Commission may deem necessary and desirable.

1 (c) The Commission shall prescribe regulations fixing
2 reasonable minimum standards for health benefit plans de-
3 scribed in section 4 and for carriers offering such plans. The
4 Commission shall not approve any plan or enter into a con-
5 tract with or purchase a policy from any carrier unless such
6 plan or such carrier, as the case may be, complies with such
7 standards. Approval of such a plan shall not be withdrawn
8 except after notice and opportunity for hearing to the carrier
9 or carriers and to the employees concerned.

10 (d) No contract shall be made, policy purchased, or
11 plan approved, which excludes employees or annuitants
12 because of race, sex, health status, or, at the time of the
13 first opportunity to enroll, because of age.

14 (e) No health benefits plan shall be approved which
15 does not offer to employees and annuitants, whose enroll-
16 ment in the plan is terminated, other than by a cancellation
17 of enrollment, the option to convert, without evidence of
18 good health, to individual contracts providing health bene-
19 fits. An employee or annuitant who exercises this option
20 shall pay the full cost of the individual contract, on such
21 terms or conditions as are prescribed by the carrier and
22 approved by the Commission.

23 (f) The benefits and coverage made available pursuant

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1 to the provisions of paragraph (e) shall be noncancelable
2 by the carrier as to any individual, except for fraud, over-
3 insurance, or nonpayment of premiums.

4 (g) Subscription charges and premiums under health
5 benefits plans described in section 4 shall reasonably and
6 equitably reflect the cost of the benefits provided.

7 CONTRIBUTIONS

8 SEC. 7. (a) (1) If an employee or annuitant enrolls
9 in a health benefits plan under this Act for himself only
10 there shall be withheld from the salary of such employee,
11 or annuity of such annuitant, as his contribution an amount
12 not to exceed \$1.75 biweekly, and the Government shall
13 contribute a like amount.

14 (2) Except as provided in paragraph (3), if an em-
15 ployee or annuitant enrolls in a health benefits plan under
16 this Act for himself and members of his family there shall
17 be withheld from the salary of such employee, or the annuity
18 of such annuitant, as his contribution an amount not to ex-
19 ceed \$4.25 biweekly, and the Government shall contribute
20 a like amount.

21 (3) If a member of the family of a female employee or
22 annuitant who enrolls in a health benefits plan under this
23 Act for herself and members of her family is a husband,
24 other than a dependent husband, there shall be withheld
25 from the salary of such employee or annuitant as her con-

1 tribution an amount not to exceed \$6 biweekly, and the
2 Government shall contribute an amount not to exceed \$2.50
3 biweekly.

4 (b) An employee enrolled in a health benefits plan
5 under this Act who is placed in a leave without pay status
6 may be authorized to continue his coverage, and the coverage
7 of members of his family, under such plan for a period not
8 to exceed one year in accordance with regulations prescribed
9 by the Commission. Such regulations may provide for
10 waiving the requirement of contributions by the employee
11 and the Government for all or any part of the period of
12 leave without pay.

13 (c) The sums authorized to be contributed by the Gov-
14 ernment with respect to any employee shall be paid from
15 the respective appropriation or fund which is used for pay-
16 ment of his salary, wage, or other compensation (or, (1)
17 in the case of an elected official, from such appropriation or
18 fund as may be available for payment of other salaries of the
19 same office or establishment, and (2) in the case of an
20 employee in a leave without pay status, from the appropria-
21 tion or fund which would be used for the payment of the
22 salary of such employee if he were in a pay status). The
23 sums authorized to be contributed by the Government with
24 respect to any annuitant shall be paid from annual appro-

1 priations which are hereby authorized to be made for such
2 purpose.

3 (d) The Commission shall provide by regulation for
4 conversion of rates of contribution specified in this section in
5 the case of employees paid on other than a biweekly basis,
6 and for such purpose may provide for adjustment of any
7 such rate to the nearest cent.

8 FEDERAL EMPLOYEES HEALTH BENEFITS FUND

9 SEC. 8. There is hereby created a Federal Employees
10 Health Benefits Fund, hereinafter referred to as the "Fund",
11 which is hereby made available without fiscal year limitation
12 for the payment of all premiums or subscription charges
13 under policies or contracts purchased or entered into under
14 section 6. The amounts withheld from the salaries of em-
15 ployees and the annuities of annuitants, and the amounts
16 contributed by the Government toward the cost of health
17 benefits for such employees and annuitants, shall be paid into
18 the Fund. The income derived from any dividends, premium
19 rate credits or other refunds shall be credited to and constitute
20 a part of the Fund. There shall be set aside in the Fund
21 from time to time such amounts, not to exceed 1 per centum
22 of the amounts paid into the Fund for any fiscal year, as may
23 be necessary to pay administrative expenses for such year.
24 Any amounts remaining in such Fund after all premium or
25 subscription charges have been paid, and after the amounts

1 referred to in the preceding sentence have been set aside,
2 shall be retained as a special reserve for adverse fluctuations
3 in future charges, or may be applied to reduce the contribu-
4 tions of employees and the Government to, or to increase the
5 benefits provided by, the plan from which such amounts are
6 derived, as the Commission shall from time to time deter-
7 mine. The Secretary of the Treasury is authorized to invest
8 and reinvest any of the moneys in the Fund in interest-bearing
9 obligations of the United States and to sell such obligations of
10 the United States for the purposes of the Fund. The in-
11 terest on and the proceeds from the sale of any such obliga-
12 tions shall become a part of the Fund.

13

ADMINISTRATIVE EXPENSES

14 SEC. 9. (a) There are hereby authorized to be expended
15 from the Employees' Life Insurance Fund, without regard
16 to limitations on expenditures from that Fund, for fiscal
17 years 1960 and 1961, such sums as may be necessary to pay
18 administrative expenses incurred by the Commission in
19 carrying out the health benefits provisions of this Act. Reim-
20 bursements to the Employees' Life Insurance Fund for
21 sums so expended shall be made from the Federal Employees
22 Health Benefits Fund.

23

(b) The Federal Employees Health Benefits Fund is
24 hereby made available, within such limitations as may be

1 specified annually by the Congress, to pay such expenses
2 for fiscal year 1961 and subsequent fiscal years.

3

REGULATIONS

4 SEC. 10. (a) The Commission is authorized to promul-
5 gate such regulations as may be necessary to carry out the
6 provisions of this Act.

7 (b) Regulations of the Commission shall include regu-
8 lations with respect to the beginning and ending dates of
9 coverage of employees and annuitants and members of their
10 families under health benefit plans, and for such purpose may
11 permit such coverage to continue until the end of the pay
12 period in which an employee is separated from service or
13 until the end of the month in which an annuitant ceases to be
14 entitled to annuity, and in case of the death of such employee
15 or annuitant may permit the coverage of the members of his
16 family for a period not to exceed ninety days.

17 (c) Regulations of the Commission shall provide that
18 any employee enrolled in a plan under this Act who is re-
19 moved or suspended without pay and later reinstated or
20 restored to duty on the ground that such removal or suspen-
21 sion was unjustified or unwarranted shall not be deprived of
22 coverage or benefits for the interim but shall have his cover-
23 age restored to the same extent and effect as though such
24 removal or suspension had not taken place, and appropriate
25 adjustments shall be made in accordance with such regula-

1 tions in premiums, subscription charges, contributions, and
2 claims.

3 (d) Regulations of the Commission shall provide for
4 making available to each employee and annuitant eligible to
5 enroll in a health benefits plan under this Act such informa-
6 tion as may be necessary to enable such employee or annui-
7 tant to exercise an informed choice among the types of
8 plans referred to in section 4. Such regulations shall also
9 provide for the issuance to each employee and annuitant
10 enrolled in such a health benefits plan of an appropriate
11 certificate setting forth the services or benefits to which the
12 employee or annuitant, or the employee or annuitant and
13 members of his family, are entitled thereunder, the person
14 or persons to whom monetary benefits shall be payable, the
15 procedure for submitting claims, and the principal provi-
16 sions, or summaries thereof, of the plan affecting the em-
17 ployee or annuitant or members of his family.

18 STUDIES BY COMMISSION

19 SEC. 11. (a) The Commission shall make a continuing
20 study of the operation and administration of this Act, in-
21 cluding surveys and reports on health benefits plans avail-
22 able to employees and annuitants and on the experience of
23 such plans, with respect to such matters as gross and net
24 costs, administrative costs, benefits claimed and provided,
25 utilization of benefits, the extent to which the economic use

1 of benefits herein provided is assured, and the portion of
2 the actual personal expenditures of Federal employees and
3 annuitants for health care which is being met by prepaid
4 benefits.

5 (b) The Commission shall include provisions in con-
6 tracts with carriers which would require carriers to (1)
7 furnish such reasonable reports as the Commission deter-
8 mines to be necessary for the satisfactory completion of the
9 studies enumerated in subsection (a) with respect to gross
10 and net costs, administrative costs, benefits claimed and pro-
11 vided, utilization of benefits, and (2) permit the Commission
12 or its representatives and representatives of the General Ac-
13 counting Office to examine such records of the carriers as may
14 be necessary for verification of the information contained
15 in the carrier's reports.

16 (c) Employing agencies shall keep such records and
17 furnish the Commission with such information and reports
18 as may be necessary to enable it to carry out its functions
19 under this Act.

20 ADVISORY COUNCIL

21 SEC. 12. (a) There is hereby established a Federal
22 Employees Health Benefits Advisory Council which shall
23 consist of the following:

24 (1) the Secretary of Labor;

25 (2) the Director of the Bureau of the Budget;

1 (3) the Surgeon General of the Public Health
2 Service;

3 (4) the Chief of the Bureau of Medicine and Sur-
4 gery of the Veterans' Administration;

5 (5) one member to be appointed by the President
6 who shall be representative of the public;

7 (6) three members to be appointed by the Presi-
8 dent from among representatives of national employee or-
9 ganizations;

10 (7) three members to be appointed by the Presi-
11 dent who shall be representative of university schools
12 of medicine, hospital administration, and public health,
13 respectively.

14 The Advisory Council shall select a Chairman and a Vice
15 Chairman from among its members. Each member of the
16 Advisory Council referred to in clauses (1) to (4), inclu-
17 sive, may designate an alternate to attend meetings and par-
18 ticipate in activities of the Advisory Council in the place of
19 such member. Members of the Advisory Council referred to
20 in clauses (5) to (7), inclusive, shall be appointed for terms
21 of three years.

22 (b) It shall be the duty of the Advisory Council (1)
23 to make studies from time to time of the operation and ad-
24 ministration of this Act, (2) to receive reports and informa-
25 tion with respect thereto from the Commission, carriers, and

1 employees and their representatives, (3) to ascertain from
2 time to time the status of the Federal Employees Health
3 Benefits Fund, including the establishment and maintenance
4 of any balances or reserves, (4) to consult with and advise
5 the Commission in regard to the administration of this Act,
6 and (5) to make recommendations with respect to the
7 amendment of this Act or improvements in its administration.
8 No contracts shall be awarded, renewed, or terminated and
9 no regulation shall be promulgated, for the purpose of carry-
10 ing out this Act, unless copies of proposed drafts thereof
11 shall have been furnished to the Advisory Council.

12 (c) Members of the Council referred to in clauses (5)
13 to (7), inclusive, who are not otherwise in the employ of
14 the United States shall be entitled while attending meetings
15 of the Advisory Council, including travel time, to receive
16 compensation at a rate to be fixed by the Commission, but
17 not exceeding \$50 per diem, and while away from their
18 homes or regular places of business they may be allowed
19 travel expenses, including per diem in lieu of subsistence,
20 as authorized by law (5 U.S.C. 73b-2) for persons in the
21 Government service employed intermittently.

22 (d) The Advisory Council shall be convened by the
23 Commission within thirty days after the members referred
24 to in clauses (5) to (7) have been appointed, and there-
25 after shall meet not less often than quarterly, on call of

1 the Commission or on request of any three members of the
2 Advisory Council.

3 BUREAU OF RETIREMENT AND INSURANCE

4 SEC. 13. There is hereby established in the Civil Service
5 Commission a Bureau of Retirement and Insurance, which
6 shall perform such of the functions and duties of the Com-
7 mission with respect to retirement, life insurance, and health
8 benefits programs as the Commission shall prescribe. The
9 Bureau shall be headed by a Director. Except as provided
10 in the second and third sentences of the last paragraph of the
11 first section of the Act of January 16, 1883, the Director
12 shall be responsible only to the Chairman of the Commission
13 with respect to the matters transferred to the Chairman by
14 the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of
15 Reorganization Plan Numbered 5 of 1949. The position of
16 Director shall be placed in grade 18 of the General Schedule
17 of the Classification Act of 1949, as amended. Such posi-
18 tion shall be in addition to the number of positions otherwise
19 authorized by law to be placed in such grade.

20 JURISDICTION OF COURTS

21 SEC. 14. The district courts of the United States shall
22 have original jurisdiction, concurrent with the Court of
23 Claims, of any civil action or claim against the United States
24 founded upon this Act.

REPORTS TO CONGRESS

2 SEC. 15. The Commission shall transmit to the Congress
3 annually a report concerning the operation of this Act.

EFFECTIVE DATE

5 SEC. 16. (a) The Commission shall transmit to the
6 Committee on Post Office and Civil Service of the Senate
7 and the Committee on Post Office and Civil Service of the
8 House of Representatives not later than May 1, 1960, copies
9 of any contracts proposed to be entered into, policies pro-
10 posed to be purchased, and regulations proposed to be pro-
11 mulgated, for the purpose of placing into operation health
12 benefits plans under this Act.

(b) The provisions of this Act relating to the enrollment of employees and annuitants in health benefits plans and the withholding and payment of contributions shall take effect on the first day of the first pay period which begins on or after July 1, 1960.

Passed the Senate July 16, 1959.

Attest:

FELTON M. JOHNSTON,

Secretary.